



CANADIANA

JUN 9 1993  
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# CHILD CARE SUBSIDY POLICY MANUAL



FAMILY AND SOCIAL SERVICES

MAY 26 1993

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SUMMARY

**PREAMBLE**

I am pleased to present to you the revised Child Care Subsidy Policy Manual. It comes into effect May 15, 1993, and replaces the April 1, 1989, edition.

This manual provides approved policy for the Child Care Subsidy Program. Revisions to the manual include Plain Language wording, deletion of outdated material, and clarification of policy where needed.

Implementation of this manual will be monitored and future revisions will be made whenever necessary. Your comments concerning any improvements to the manual would be welcomed, and should be provided to Regional Day Care Coordinators.

Don Fleming  
Acting Deputy Minister  
Family and Social Services



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## SUMMARY

This manual is designed to enable you to find specific information as quickly as possible.

To allow users to find what they are looking for quickly and easily, this manual has been organized for random access. This has been achieved through an extensive subject index and the breakdown of information into individual subjects.

## DIVISIONS

Major Divisions - The four main groupings of topics are physically separated by numbered dividers and are numbered 01 to 04.

## SECTIONS

Sections - The major divisions are broken into sections and are numbered consecutively from 01.

## SUBJECTS

Subjects - Each section is broken into subjects and is numbered consecutively from 01.

## NUMBERING SYSTEM

The numbering system identifies the location of the information. The six numerical digits at the top right hand corner of the page identify the Major Division; the Section; and the Subject. These six numerical digits are preceded by two alphabetic characters which denote the manual's title.

## EXAMPLE

DS-02-02-01

DS - Day Care Programs Subsidy Policy Manual  
(same for every page of this manual).

02 - The second major division is located by divider 02, which in this manual covers Eligibility.

02 - The second section of that division deals with the topic of Attendance Requirements.

01 - The first subject of that section is Enrollment Commitment.

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## FINDING INFORMATION

Refer to the divider marked "index". Every subject and section in the manual is listed here in at least three ways. This makes the index comprehensive and useful. You should be able to find anything you need. Turn to the index first. It is in alphabetical order.

## WHAT TO DO

Look up the desired subject.

Note the six digit location number.

Turn to that location number.

## AMENDMENTS

Amendments should be inserted in your manual as soon as they are received.

The amendment number and date should be recorded on the amendment record found at the front of this manual behind the title page. These amendments are in numerical sequence. If there is a gap, indicating you have not received an amendment, contact:

Day Care Programs  
Alberta Family and Social Services  
11th Floor, Seventh Street Plaza  
10030 - 107 Street  
Edmonton, Alberta  
T5J 3E4

## DISTRIBUTION

Extra copies of this manual can be obtained through Day Care Programs. To keep our distribution list accurate, we ask that you:

- Do not duplicate this manual.
- Advise Day Care Programs, Alberta Family and Social Services, if the address of manual holders change.

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|                           |   |
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| APPLICANT                 | The person applying for child care subsidy, e.g., parent, legal guardian, or guardian.  |
| CHILD CARE SUBSIDY        | A financial benefit made by the Provincial Government to assist eligible families with the cost of child care expenses.   |
| CLAIM                     | A turnaround document which is provided to a facility/Family Day Home Agency on a monthly basis naming children attending the facility. The operator completes the claim and submits it for payment purposes. Subsidy is paid to the operator through this process, as well as other eligible funding programs. |
| COMMON-LAW RELATIONSHIP   | A man and a woman who have not been married in a ceremony recognized as legal, but who consider themselves as husband and wife and maintain a household.  |
| DEPENDENT CHILD           | An unmarried person under 18 years of age living in the home and financially dependent on the applicant.  |
| EXCLUDED, EXCLUSION       | Not allowed.  |
| EXTENDED HOURS OF CARE    | Hours of care over and above a day care centre's normal day.  |
| FAMILY MONTHLY NET INCOME | The combined gross income of persons in the family unit 18 years of age and older, less allowable deductions and special expenses.  |
| FAMILY UNIT               | Includes the applicant, the spouse by marriage or common-law union, and unmarried children under 18 years of age living in the home and financially dependent on the applicant.   |
| GAINFUL EMPLOYMENT        | Full- or part-time employment for which the person receives an income not less than the minimum wage for the Province of Alberta for the hours worked.  |

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| INCOME TESTED          | Assessment of income for eligibility for a benefit where assets are generally excluded.  |
| PRESCHOOL AGE CHILD    | A child who has not yet enrolled in the first grade and is under 7 years of age.   |
| SELF-EMPLOYED          | A person whose working conditions are not determined by another and from whose earnings no statutory deductions are taken at the source of payment for services. |
| SELF-EMPLOYMENT INCOME | Income after business expenses and business deductions allowable under the Child Care Subsidy Program are subtracted.  |
| VERIFICATION           | Confirmation of truth or accuracy.   |

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## SUMMARY

The intent of this Division is to provide general information on the Child Care Subsidy Program. Topics covered include: purpose of the program, general provisions, applicant eligibility, fraud/cancellation of benefits and applicant complaints.

## PURPOSE

The Child Care Subsidy Program is a financial benefit program established to help eligible families pay child care costs for preschool aged children enrolled in licensed centres, or approved family day homes. The parent(s) must be either working, attending an educational institution, or seeking employment. The parent(s) or child(ren) may also have special needs.

## PRINCIPLES

The Child Care Subsidy Program is designed to:

- ensure that eligible families have a choice of affordable child care services;
- promote family independence and support the family's responsibility for financial self-sufficiency; and
- ensure minimal intrusion into the family's responsibilities, dynamics and affairs.

## PROGRAM VALUES

The principles are supported through the following values:

- Efficient, effective and courteous customer service
- Ethical behaviour of staff
- Equitable treatment of clients
- Stewardship of expenditure of government funds
- Sensitivity to changing trends and needs



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# AUTHORITY

The Child Care Subsidy Program operates under the general authority of the Department of Family and Social Services Act, Section 9(1)(b).

# CONFIDENTIALITY

All information obtained in the administration of child care subsidies (including all files, documents, or papers related to cases) is restricted and confidential unless there is specific authorization to disclose the information from a designated departmental official.

# CHILD SPECIFIC

The subsidy provided through this program for each eligible family is child specific. A monthly subsidy amount is established for each child in a licensed facility or an approved family day home service in Alberta.

# PARENTAL RESPONSIBILITY

Each eligible family is responsible for the full monthly cost of care required less the subsidy amount.

# APPLICATION

The parent or guardian is responsible for initiating application for subsidy.

# PAYMENT

Payment of subsidy is made directly to an eligible child care facility or family day home agency.

# CHANGES

The applicant(s) is required to report immediately to the Regional Subsidy Office all changes in family net income, child care arrangements, the reason for child care and the number of dependent children.

# SUBSIDY PERIOD

Subsidy may be provided for no more than one year for families who remain eligible. A re-application must be made at least once a year.



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#### ELIGIBLE PROGRAMS

Subsidy is available for preschool aged children of an eligible family placed in any of the following child care facilities that will care for subsidized children under the terms of the program:

- a Day Care Centre licensed under the Social Care Facilities Licensing Act, Day Care Regulation, 1990; or
- an Approved Family Day Home within a Family Day Home Agency under contract with Alberta Family and Social Services .

N.B. Licensed Family Day Homes unable to align with an Agency may at the discretion of the Director of Day Care Programs, or his designate, care for and receive subsidy on behalf of eligible children when other subsidized care is not available, (e.g., in rural and remote areas).

#### EXCLUSIONS

Child Care Subsidy Program benefits are not available for parents who use licensed facilities for drop-in care, nursery schools, play schools or parent's day-out programs.



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## CRITERIA

Eligibility for participation in the subsidy program is based on:

- reason for requiring child care; (in a two-parent family, both parents must have a valid reason).
- anticipated attendance of 50 hours or more per month at an eligible facility (except for special needs); and
- net family income.

The amount of subsidy for which a family may qualify is calculated on the basis of:

- net family income; and
- family size, that is, the number of parents and the number of unmarried dependents under the age of 18 years living in the home.

(Exceptions for dependent status may be considered for high school or special needs children 18 years of age or older, living at home and financially dependent on a parent. Documentation must be provided.)

N.B. More details about these criteria are provided in the remainder of this manual.

## SUPPORTS FOR INDEPENDENCE (SFI) RECIPIENTS

SFI recipients who apply for child care subsidy benefits shall not be income tested to determine eligibility. Need for child care and anticipated attendance of 50 hours or more per month must be established.

When SFI benefits terminate, the client's eligibility for subsidy benefits must be reviewed.

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## JOINT CUSTODY

Where two parents live apart and share custody of a child(ren), generally the parent with the lower income would apply for subsidy. One eligibility status would be established for the child and one subsidy rate assessed. Both parents would then be responsible for the parent portion of the fee.

## SERVICE ON INDIAN RESERVES

### Treaty Indians

Treaty Indians living on a reserve qualify for provincial child care subsidy benefits if their Band Council requests participation in the Subsidy Program and the request is approved by Indian and Northern Affairs Canada (INAC). Their children must attend approved/licensed day care centres or family day homes on or off the reserve.

Treaty Indians living off the reserve may qualify for the subsidy program in child care facilities also located off the reserve or on the reserve if the centre or family day home is approved to participate in the Subsidy Program.

Treaty Indians living off the reserve and in receipt of welfare benefits from Indian Affairs may qualify for the subsidy program.

## EXCLUSIONS

### Foster Parents

Foster parents caring for children who are in the care and custody of Alberta Family and Social Services (permanent/temporary guardianship orders or agreements under the Child Welfare Act), are not eligible for this subsidy program for the foster children.

Regional Child Welfare is responsible for the financial support of foster children in care.

## SUSPECTED FRAUD

### Client

Everyone, who by deceit, falsehood or other fraudulent means, defrauds the public of any property, money or other valuable security, is guilty of an offence under the Criminal Code of Canada.

A failure to report changes in family composition, income and/or needs may not in itself constitute fraud.

However, if this omission is a deliberate act to qualify for a benefit not otherwise available, then fraud may occur. A person may be found guilty of fraud, in Criminal Court, as a result of deliberately providing false information or deliberately withholding information.

### Facility

If a facility is suspected of obtaining subsidy monies fraudulently, the matter will be referred to the Regional Claims Verification Officer for investigation and may also be referred to the police by the Director of Day Care Programs, or his designate.

## CANCELLATION OF BENEFITS

If an application cannot be properly verified, subsidy benefits shall be terminated. The applicant is responsible to provide appropriate verification of circumstances.



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COMPLAINTS

Complaints from parents or operators relating to the subsidy program or benefits should be referred to the appropriate Regional subsidy office.

NON-SUBSIDY COMPLAINTS

Any concerns about a licensed child care facility or family day home should be referred to the Regional licensing unit.

APPEALS

The subsidy assessor may receive an appeal from an applicant regarding circumstances related to their application, eligibility or subsidy rate. The appeal is reviewed by the regional day care subsidy supervisor and/or Regional Day Care Coordinator. It may also be heard by the Regional Manager of Day Care Services North/South.

CHILD WELFARE

Concerns regarding child abuse or neglect should be referred to the appropriate Regional Child Welfare Unit.



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## SUMMARY

Eligibility for participation in the subsidy program is based on:

- reason for requiring care;
  - employment/self-employed
  - job seeking
  - student
  - special needs
- anticipated attendance of 50 hours or more per month at an eligible facility; and
- net family income.

## EMPLOYED/SELF-EMPLOYED

An applicant may be eligible for child care subsidy if he/she is employed/self-employed and unable to care for his/her child during work hours.

## CATEGORIES OF SELF-EMPLOYED

Self-employed individuals may be one of the following three types:

- **First Party Self-Employed:** direct self-employment, operators of businesses e.g., restaurant or shop owners, musicians, farmers who own their land, etc.
- **Second Party Self-Employed:** contracted work to a larger organization e.g., hairdressers, subcontractors (trades), realtors, taxi drivers, farmers who rent land, etc.
- **Transient Employment:** casual or seasonal work, odd jobs, e.g., washing cars, delivering flyers, landscaping, etc.

## MINIMUM WAGE REQUIREMENT

An applicant will be considered gainfully employed, full- or part-time, when the applicant receives an income not less than the Alberta minimum wage for the hours worked.

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# VERIFICATION OF EMPLOYMENT

## Salaried Employment

Pay slips or cheque stubs, or other suitable documentation must be provided to verify one month's gross employment earnings and deductions.

## Self-Employment

Refer to DS-03-02-06.

# AWAITING PAY

If there is a delay in pay upon commencement of new employment, subsidy applicants may be given subsidy for a maximum of two months, based on current known income.

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**JOB SEEKING**

A parent may be actively seeking employment which requires him/her to be absent from the home. In such a case a subsidy payment may be allowed for one month, with the possibility of a second month, if requested.

Authorization beyond two consecutive months will be determined by the Regional subsidy supervisor with job search documentation to be provided by the applicant. Subsidy will be paid on the basis of actual usage of child care services.

Regional guidelines may be developed to establish the number of times per year an applicant may have job seeking as a reason for requiring child care. Availability of employment would be a consideration, as well as economic conditions and unemployment rates.

Refer to DS-02-02-01 for clarification of attendance requirements.



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#### STUDENT STATUS

An applicant may be eligible for Child Care Subsidy Program benefits if he/she is attending an educational or training program.

#### FULL-TIME/PART-TIME STUDENT STATUS

For purposes of the Child Care Subsidy Program, the classification of an applicant is dependent upon how the school, college, university or training centre which he/she is attending defines full-time/part-time enrollment.

#### ELIGIBLE EDUCATION/ TRAINING PROGRAMS

All types of public and private educational establishments such as high schools, colleges, universities, secretarial schools, vocational and technical schools are eligible.

#### ATTENDANCE

Attendance includes taking correspondence courses that are affiliated with a school and that can be counted as credit courses towards a degree, diploma or certificate. Full-time/part-time equivalent status would need to be established.

Persons are counted as "attending" an eligible program only if they are taking a course or program of instruction that could be counted towards a degree, certificate or diploma. Personal interest courses, such as night courses in pottery or woodworking at a local high school, are not credit courses.

#### VERIFICATION OF STUDENT STATUS

Written confirmation, of full- or part-time enrollment in the educational institution, indicating the duration of the current registration and the type of course, must be provided by the applicant.

#### NON-CLASS HOURS

Regional discretion may be used to determine travel time and study time when calculating authorized hours for subsidy.

#### SPRING/SUMMER SESSIONS

During spring and summer sessions, one course may be considered full-time enrollment based on

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documentation submitted. Students enrolled in ongoing semester programs will be expected to meet regular criteria.

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## SPECIAL NEED STATUS

An applicant may be eligible for child care subsidy if he/she or their child has special needs.

## PARENT/GUARDIAN

A parent may have a disabling condition which prevents him/her from providing child care by himself/herself. Written documentation from a medical doctor, psychologist, psychiatrist, social worker or other qualified professional, establishing the reason for child care, is required. In addition, the number of days per week, hours per day and length of time for which child care is required must be specified.

## CHILD

A child may benefit from child care for developmental or therapeutic reasons as recommended in writing by a psychologist, psychiatrist, medical doctor or other qualified professional. In addition, the number of days per week, hours per day and length of time for which child care is required must be specified.

## TRAINING

Some clients may need to receive training in life skills, literacy, job preparation or may need to attend a job finding club before they are ready to obtain gainful employment or enter an academic program. Eligibility for subsidy while attending these programs will be assessed by examination of supporting documentation. This examination is to include duration of course, hours required, etc.

## HIGH RISK TEEN MOTHERS

To provide extra support and assistance to young teen mothers, less than 50 hours attendance and maximum subsidy may be approved with appropriate documentation.

## LIMITATIONS

Subsidy to meet special needs must not exceed a 12 month period, based on the documentation supporting the need for child care. Reapplication is required for subsidy beyond one year.



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## AUTHORIZED HOURS

Authorized hours are defined as the number of child care hours for which the applicant is eligible for subsidy. These hours are based on reasons for child care.

A child may be approved for full eligible subsidy benefits if anticipated attendance will be for 100 hours or more per month.

A child may be approved for partial eligible subsidy benefits if anticipated attendance will be from 50 to 99 hours per month.

A child will be refused subsidy upon application if authorized hours of usage will be less than 50 hours per month. Exceptions may be granted to special needs children only. These will be reviewed on an individual basis.



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## ATTENDANCE REQUIREMENT

If reasons for care indicate that 100 hours or more of care per month are required, the child may be eligible for full eligible subsidy benefits. This attendance requirement does not represent full-time care, but is the minimum attendance required to receive maximum eligible subsidy benefits.

## RATIONALE

The 100 hour minimum is expected to accommodate the varying absences of children from the child care facility such as:

- sick days
- vacation
- statutory holidays
- semester breaks, reading weeks, days when classes are not held
- child visits with a non-resident parent
- shift work

## ATTENDANCE LESS THAN 100 HOURS

If a parent qualifies for full eligible subsidy benefits but usage is less than 100 hours (including usage less than 50 hours) subsidy will be paid to authorized hours for 3 consecutive months. A review of circumstances will be required after 2 consecutive months to ascertain appropriate hours of attendance.



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#### ATTENDANCE REQUIREMENT

If reasons for care indicate that between 50 to 99 hours of care per month are required, the child may be eligible for partial eligible subsidy benefits.

#### OVER-UTILIZATION

If usage is greater than authorized hours, payment will be paid on the basis of actual usage up to the full eligible subsidy benefits amount for 3 consecutive months. A review of circumstances will be required after 2 consecutive months of over usage and changes may be made to authorized hours.

#### UNDER-UTILIZATION

If usage is less than the authorized hours (including usage less than 50 hours) payment will automatically be made to authorized hours for a maximum of three consecutive months. A review of circumstances will be required after two months of under usage and changes may be made to authorized hours.



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# BEGINNING/ENDING ATTENDANCE IN A SINGLE PLACEMENT

If a child is in child care for part of a calendar month because he/she commenced late or terminated before month end, the subsidy payment shall be based on actual hours of attendance.

# TWO OR MORE PLACEMENTS

If subsidy for a child is authorized in two or more facilities in one month, hours will be prorated based on actual attendance at each facility. At no time will the maximum monthly subsidy for a particular family be exceeded.

In order for hours at second or subsequent placements to be considered, a child placement form must be submitted to the subsidy office. The child placement form must be signed by both the parent and the day care operator or Family Day Home agency representative. If a child placement form is not received for the new day care centre/ agency, subsidy will be paid to the centre where a placement form is current for that particular month.



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# ONGOING PLACEMENT IN TWO FACILITIES

If a child needs to be placed in two facilities on an ongoing basis to accommodate parent's shift work or joint custody, payment will be made to each facility on the basis of actual usage in each facility. At no time will the maximum subsidy for the child be exceeded.



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## SPECIAL NEEDS CHILDREN AND PARENTS

A child qualifying for subsidy under the special needs categories (child and parent) will normally be paid on the basis of actual usage of authorized hours. However, if supporting documentation from a qualified professional is forwarded to the Regional subsidy office describing reasons for reduced attendance, full eligible subsidy amount may be granted in order to have a space available for the use of the child.



## FAMILY AND SOCIAL SERVICES

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EXTENUATING  
CIRCUMSTANCES

Extenuating family circumstances such as a death in the family or a long term illness may require a child to be absent from their child care placement.

The subsidy assessment worker may approve subsidy payments be made on behalf of the child upon receipt of supporting documentation for one month only.



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**DESIGNATED HOLIDAYS**

Each year, the Regional Day Care Services Office will provide written notice of designated holidays. Day care centres may close on these designated holidays with no effect on government funding. If a child care facility closes for any reason other than designated holidays, 30 days notice should be given in writing to the Subsidy and Licensing Offices.

**HOLIDAYS**

A child care facility may close for reason of holidays. The child care operator shall be paid the full subsidy portion of the fee providing the child received services for the minimum 100 hours for that calendar month. If fewer than 100 hours of care were provided, then payment shall be prorated.

**SEMESTER BREAKS**

A child care facility may close for reason of semester breaks. The child care operator shall be paid the full subsidy portion of the fee providing the child received services for the minimum 100 hours for that calendar month.

**INVOLUNTARY CLOSURES**

A child care facility may temporarily close or withdraw services for reasons other than holidays or semester breaks, e.g., blizzard, flooding of premises. If the operator makes alternate child care arrangements for the parents, the normal monthly subsidy will be paid on behalf of the children.

If a facility closes temporarily, causing the registration of the child in another facility, parents must notify the subsidy office with a child placement form. Subsidy will be prorated between the two facilities based on the hours attended in each for that month.



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## CHRONIC ILLNESS

Chronic illness is a serious long-term or recurring illness which results in a child attending a child care facility for less than 100 hours per month on a frequent basis. Recurring common flu, colds and earaches do not usually constitute chronic illness.

Chronic recurring illness affects child attendance at child care facilities. It may require a child to be absent from their child care placement on an ongoing intermittent basis. This could affect authorized hours of attendance for subsidy.

The subsidy assessment worker may approve subsidy payments to be made on behalf of the child, to authorized hours, upon receipt of supporting documentation from a physician. This documentation could cover a varying number of months, but must be reviewed by the subsidy assessment worker every six months. Approval after six months must be authorized by the Regional subsidy supervisor.



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## SUMMARY

The calculation of subsidy is based on an income test. This Division will explain all the sources of income and deductions/expenses considered in the determination of net family income.

## SUBSIDY AMOUNT

The subsidy amount for which a family may qualify is calculated on the basis of:

- family composition (1 or 2 parent family);
- family size, that is, the number of unmarried dependent children living in the home under the age of 18 years;
- net family income; and
- number of preschool children using child care.

Monthly net income of the family unit is the combined gross income of the parent(s) or guardian(s) less allowable deductions and special expenses.

## FAMILY UNIT

For subsidy purposes, the applicant's family unit shall include:

### Adults

The applicant and spouse of marriage or common-law union.

### Dependent Children

Unmarried children under 18 years of age, living in the home and financially dependent on the applicant. (Exceptions for dependent status may be considered for high school or special needs children 18 years of age or older living at home and financially dependent on the applicant(s). Documentation must be provided.)

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# UNMARRIED PARENTS (under 18 years of age)

Unmarried parents who are 16 or 17 years of age may apply for subsidy in their own name, even when they reside with their family of origin.

The subsidy assessment worker must notify Child Welfare if an unmarried parent, 15 years of age or under, is living away from her family of origin and applies for subsidy.

# CHILDREN IN NEED (Guardian Social Allowance)

The guardian of a child participating in the Guardian Social Allowance Program may apply for a child care subsidy for the child. The income of the guardian will be used to assess eligibility. The Guardian Social Allowance payment will not be used in income calculation. Guardian Social Allowance policy may cover the extra day care costs. The individual guardian can apply for this additional benefit through Guardian Social Allowance.

# TEMPORARY CAREGIVER

If a child is living with a temporary caregiver who is not the parent (for a period of less than 6 consecutive months) eligibility for subsidy will generally be based on the income of the parent.

In exceptional circumstances, temporary caregivers may apply for subsidy, e.g., when the parent cannot be located.

If a child is living with a temporary caregiver who is not the parent for a period of 6 consecutive months or longer, eligibility for subsidy will be based on the income and circumstance of the temporary caregiver.

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# INCOME FROM SALARIED EMPLOYMENT

Income from salaried employment includes:

- all wages and salaries from full-time or part-time employment;
- rent deducted by the employer or free room and board paid by the employer;
- free room and board received by the applicant, set at the average rate in the community;
- tips, gratuities and commissions;
- garnisheed wages (wages or salaries that are garnisheed for any purposes other than child maintenance payments and Alberta Health Care arrears will be counted as income).

# VERIFICATION OF INCOME FROM SALARIED EMPLOYMENT

Most recent pay slips, cheque stubs, or other suitable documentation must be provided to verify one month's gross employment earnings and deductions.

Documentation should indicate pay period as well as identify the employer and the subsidy applicant.

If pay has been irregular, three months' employment earnings can be used for purposes of averaging. However, if it is to the client's advantage, earnings will be considered on a month-to-month basis.

The applicant for subsidy is responsible for providing verification of employment income.

# INCOME FROM SELF-EMPLOYMENT

Refer to DS-03-02-06 for discussion of income from self-employment.



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## OTHER DECLARABLE INCOME

All income in addition to employment/ self-employment income must also be declared. Other declarable income includes:

- Government transfer payments such as:
  - Workers' Compensation/Other Disability Payments
  - Old Age Security, Guaranteed Income Supplement and Alberta Assured Income Plan
  - Widows' Pension
  - Survivor's Benefits
  - Adult Training Allowance
  - Canada Pension Plan
  - Unemployment Insurance
  - Special Rates for Foster Parents of special needs children (when placing their own child in day care)
- Maintenance and child support income received on a regular basis, including payments for such items as mortgage, rent or loan payments made on behalf of the applicant by the non-custodial parent.
- Bursaries and scholarships, based on the average monthly benefit over the academic session.
- Maintenance grants from Student Finance Board based on the average monthly benefit over the academic session.
- Pension incomes, both private and government, including those from other countries.
- Income from investments, such as interest and dividends.

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- 100% of rent received for any dwelling other than the applicant's primary residence. Expenses associated with maintaining such a dwelling are deductible.
- 50% of rent received for applicant's primary residence where the residence is partially rented, e.g., basement suite. Where there is a shared arrangement e.g., two or more adults jointly renting a residence, this will not apply.
- 25% of room and board received in applicant's residence.
- Royalty payments from Indian Bands.

VERIFICATION OF OTHER  
DECLARABLE INCOME

All sources of income must be verified .

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## EXCLUSIONS

The following shall not be included in net family income:

- earnings of dependent children under 18 years of age;
- Child Benefit (effective July 1, 1993);
- tax rebates;
- GST credits
- student loans;
- Guardian Social Allowance (Children in Need);
- Assured Income for the Severely Handicapped (AISH);
- Supports for Independence benefits;
- Child Welfare maintenance payments to approved foster parents with the exception of special rates;
- garnisheed wages for maintenance payments, child support or Alberta Health Care arrears;
- Northern Allowance (Isolated Community Allowance);
- Car allowance; or
- Indian Affairs Welfare Benefits.



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## ALLOWABLE DEDUCTIONS

The following are allowable deductions in determining net family income:

- Unemployment Insurance contributions.
- Canada Pension Plan contributions.
- Dues. Union dues, professional fees.
- Pension Deductions. Deductions for company pension or compulsory registered retirement savings plans.
- Health Care and Dental Plan Premiums. Employee's share of premiums.
- Income Tax
  - 1) Payroll Income Tax. This must be verified and, where necessary, adjusted in accordance with marital status and family size.
  - 2) Income Tax on Support Payments. Income tax on maintenance and child support income shall be calculated by the subsidy assessment worker and deducted from taxable income.
  - 3) Income Tax on Other Income. Income tax shall be calculated and deducted from other taxable income. Workers' Compensation, provincial Widows' Pension, Alberta Assured Income for the Severely Handicapped and Indian Affairs benefits are income tax exempt.
- Maintenance and Child Support Payments. Where a member of the family unit pays maintenance or support for a previous spouse

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or a child of a previous union, those payments may be deducted. The actual amount paid out should be claimed. The amount stipulated by a court order may differ from the actual amount paid. Cancelled cheques or receipts must be provided.

- Rental Property Expenses. Expenses associated with rental income from any dwelling other than the applicant's primary residence may be deducted. These may include maintenance and repair costs, property taxes, fire insurance and interest on mortgage. They do not include depreciation. Expenses cannot exceed rental income.
- Child Care Expenses. Additional child care expenses incurred for children 12 years of age and under where employment requires evening or weekend work, for example, hairdresser, cab driver, nurse. For overnight care, costs incurred for children up to age 16 may be included. Receipts must be provided.
- Extended Hours of Care. Charges for extended hours of care where care is directly related to subsidy eligibility may be used as a deduction.
- Out-of-School Care. Receipted costs for school age children, 12 years of age and under, are an allowable deduction.
  - Regional guidelines may be established to set monthly maximum rates allowable for after school costs.
- Summer Camps. Cost of summer camps or programs used for child care purposes (6-12 years). Not to exceed regional Out-of-School Care costs.

- Mandatory parking fees.
- Mandatory clothing, tools, uniforms, and equipment which an individual needs to do the job (Includes purchase and/or dry cleaning and maintenance of uniforms). Proper documentation is required e.g., letter from employer.
- Involuntary Deductions. Other involuntary deductions such as group plan insurance are allowable.
- Tuition and Books. If tuition and books are paid by applicant or spouse it is an allowable deduction. If someone is working their way through school, tuition is an allowable deduction. Documentation is required. If a student loan is received, tuition and books are not an allowable deduction. If the student loan amount is less than the cost of tuition and books, then the difference may be deducted.
- Dual Living Expenses. When one parent may have to leave the family residence to go to school, work or look for work, duplicate living allowance equivalent to a single rate for Supports for Independence for this time may be considered as a deduction if the individual is responsible for paying their own living expenses.
- Receipted books and supplies for applicants without student loans, enrolled in approved programs.

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**SPECIAL EXPENSES**

Health Costs

Non-recoverable expenditures on behalf of a dependent who has long-term mental or physical health problems may be deducted.

Other ongoing medical/dental expenditures, usually paid monthly, which are not recoverable from health plans, may be deducted.

Professional Services

Expenses such as that portion of psychiatrist, physiotherapist, psychologist, social worker or drug or alcohol addiction counsellor's fees not covered by a health plan or recoverable from other sources may be deducted. Also in this category are expenses involved in correcting developmental problems in children, such as reading disabilities and costs of orthodontics not covered by a health plan. Dental work and orthodontics for adults may also be included.

Irregular Expenses

Where special expenses are irregular, these must be averaged to a monthly amount.

**VERIFICATION OF  
DEDUCTIONS AND  
SPECIAL EXPENSES**

Proof of deductions and special expenses must be provided by way of medical letters, pay stubs, cancelled cheques or receipts. A description and reason for special expenses must be given.

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## EXCLUDED DEDUCTIONS

The following shall not be allowed as deductions from family income.

- Transportation Costs. Includes travel to and from work.
- Shelter Expenses. Such as rent, mortgage or hotel costs.
- Social Club Fees. For coffee fund, company parties, etc.
- Parking, other than mandatory.
- Medical Expenses. Such as:
  - recoverable amounts from health plans to which applicant belongs; or
  - irregular costs for non-prescription drugs
- Garnisheed Wages. With the exception of maintenance and/or child support payments and Alberta Health Care arrears.



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## NET INCOME - SELF-EMPLOYMENT

Net income from self-employment means income after allowable business expenses and deductions are subtracted. Allowable expenses and deductions are as defined by the Child Care Subsidy Program.

## NON-ALLOWABLE DEDUCTIONS

In determining net income from self-employment for subsidy purposes, the following are non-allowable deductions:

- capital cost allowance or depreciation
- bad debts
- donations

## LOSSES

Deficits or losses incurred from self-employment cannot be used to reduce personal earnings or family income derived from other sources. Losses from other years cannot be used to reduce self employed earnings in the current year.

## PERSONAL USE BENEFITS

When the family declares that it resides on the business premises, as in the case of farmers, grocery store owners, etc., only 20% of expenses claimed for monthly rent or mortgage, telephone, electricity, heating fuel, property tax and insurance costs will be allowed as a deduction. The other 80% of these expenses will be considered as personal use.

Where family food is taken from the business (grocery store, restaurants) Supports for Independence food rates may be used as a guideline to determine income value.

## FIRST PARTY SELF-EMPLOYMENT (started within the prior 6 months)

Where an applicant verifies recent commencement of first party self-employment and income is difficult to estimate, up to 6 months subsidy may be authorized based on zero income. A review of circumstances will be completed at 6 months to confirm eligibility. The Regional subsidy supervisor may approve additional subsidy to a total of 18 months. At 18 months gainful employment must be established to maintain eligibility for subsidy.

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**FIRST PARTY  
SELF-EMPLOYMENT  
(more than 12 months)**

For first-party self-employed applicants (more than 12 months), subsidy will be based on the previous year's income tax return.

If gainful self-employment is established and eligibility for subsidy is determined, the next scheduled review date may be extended to a maximum of 12 months. Gainful employment is determined by multiplying the number of hours worked by the minimum wage per hour or whether the applicant has earned sufficient income to live on within the month. Minimally fulltime gainful employment equals 7 hours a day x minimum wage x 20 days per month.

Where gainful self-employment is not established, the Regional subsidy supervisor may approve subsidy up to six months.

**SECOND PARTY  
SELF-EMPLOYMENT**

For second party self-employed applicants, 3 months of income verification is required.

**VERIFICATION OF  
SELF-EMPLOYMENT INCOME**

Personal income tax records may be required to verify income. The personal income tax records should already be adjusted to reflect adjustments from business income to taxable income. If self-employed applicants do not have a personal income tax completed for the prior year, they must complete a self employed application. Where income is variable, monthly averages should be determined from available documentation.

If requested, documentation to support all income and expense items must be available for review.

Expense items will only be allowed if they were incurred to earn income.

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## SUMMARY

This Division discusses how the actual amount of subsidy benefits is determined.

## MINIMUM FAMILY ASSESSMENT

Every family qualifying for subsidy is generally assessed a minimum of \$40 for each calendar month. The minimum assessment applies to the family unit regardless of the number of children in child care. It is not assessed for each child.

Some families are assessed more than the \$40 minimum. This is dependent upon net family income, number of dependents and parent composition.

The \$40 minimum applies to all families applying for subsidy.

## MAXIMUM SUBSIDY BENEFITS

Maximum subsidy benefits change with each phase of the Day Care Reforms. Since each family is assessed the \$40 minimum, the maximum subsidy paid for a family will be at rates current for that phase of the Day Care Reforms. Current maximums and outlines of qualifying incomes are included in the appendix. Please contact your regional subsidy office for further information.

Net family income, family size and number of preschool children in preschool care determines the amount a particular family pays.

## SUPPORTS FOR INDEPENDENCE (SFI), AISH, INDIAN AFFAIRS WELFARE BENEFITS RECIPIENTS

If a family is currently in receipt of SFI, AISH or Indian Affairs Welfare benefits and meets the eligibility requirements for child care subsidy, the family will not be income tested. They will receive the maximum subsidy. The Supports for Independence and Indian Affairs Welfare Benefits programs cover the parent portion of the day care fee. If a day care centre or family day home agency charges more than the subsidy maximum per month for child care, the parent should discuss the extra

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charges with the Supports for Independence or  
Indian Affairs Welfare Benefits social workers.

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## CRITERIA

Eligibility for child care subsidy depends on the number of parents and children in the family, the ages of the children in day care, and the net family income.

## DETERMINATION OF BENEFITS

The calculation of eligible subsidy is done via a computerized system. The following chart gives some indication of the net qualifying income levels for maximum and partial subsidy by family type. For example, a single parent with one infant could earn a net monthly income of up to \$1,380 per month and still qualify for maximum subsidy. A single parent with one infant could earn up to \$2,040 per month and still qualify for partial subsidy. A two-parent family with one infant could earn a net monthly income up to \$1,580 and qualify for maximum subsidy or up to \$2,240 and still qualify for partial subsidy.

The tax back rate is the rate at which partial subsidy is reduced as income increases. The tax back rate in the Subsidy Program is 50%, which means that as net monthly income increases by \$10, the amount of subsidy decreases by \$5. The tax back rate commences as soon as net monthly family income rises above the income limit for maximum subsidy.

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**Estimated Qualifying Income Levels for Subsidy 1993/94**

|  | One Parent Family |                  |                           |                  | Two Parent Family |                  |                           |                  |
|--|-------------------|------------------|---------------------------|------------------|-------------------|------------------|---------------------------|------------------|
|  | 1<br>infant       | 1<br>non-infant  | 1 infant,<br>1 non-infant | 2<br>non-infants | 1<br>infant       | 1<br>non-infant  | 1 infant,<br>1 non-infant | 2<br>non-infants |
| Net monthly<br>income limit for<br>maximum subsidy       | up to<br>\$1,380  | up to<br>\$1,380 | up to \$1,500             | up to<br>\$1,500 | up to<br>\$1,580  | up to<br>\$1,580 | up to \$1,680             | up to<br>\$1,680 |
| Est. annual gross<br>income limit for<br>maximum subsidy | 18,710            | 18,710           | 20,340                    | 20,340           | 21,425            | 21,425           | 22,780                    | 22,780           |
| Maximum<br>monthly subsidy<br>(-\$40)                    | 370               | 300              | 670                       | 600              | 370               | 300              | 670                       | 600              |
| Net monthly<br>income limit for<br>partial subsidy       | 2,040             | 1,900            | 2,760                     | 2,620            | 2,240             | 2,100            | 2,940                     | 2,800            |
| Est. annual gross<br>salary limit for<br>partial subsidy | 27,660            | 25,765           | 37,425                    | 35,525           | 30,375            | 28,475           | 39,865                    | 37,970           |



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